



# WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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## 18W-085

**Attention: Business Development Managers & Mortgage Brokers**      **September 13, 2018**

**Please take a moment to read the important information contained in this bulletin.**

**Included in this Bulletin: High Priced Mortgage Loan Reminder**

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### **Higher-Priced Mortgage Loans**

Mountain West Financial, Inc. (MWF) will fund loans defined as Higher-Priced Mortgage Loans (HPML) and Section 1026.35(a) of Regulation Z (referred to as HPML loans or Section 35 loans). MWF applies HPML rules to all owner-occupied loans, regardless of loan purpose (purchase or refinance).

### Applicable Transaction Types

- 1<sup>st</sup> TDs and subordinate liens
- Closed-end loans
- Purchase money and refinance transactions on a borrower's primary residence including manufactured homes, and government loans (i.e. FHA, VA).

### Ineligible Loan Products

MWF will not fund HPMLs for the following products:

- FHA Streamline
- VA IRRRL
- Conventional, FHA or VA ARM loans 3/1 and 5/1

### Transaction Types Excluded from HPML Requirements

- HELOCs
- Second Homes
- Investment Properties

### **Definition**

A HPML loan is one in which the APR exceeds the applicable Average Prime Offer Rate (APOR), available on the Monday preceding a lender's application receipt, by more than 1.5% for first liens or 3.5% for junior liens.

**Average Prime Offer Rate (APOR)**

An APOR that is derived from average interest rates, points, and other loan pricing terms currently offered to consumers by a representative sample of creditors for mortgage transactions that have low-risk pricing characteristics. The APOR is published and updated at least weekly.

**Rules for Higher-Priced Mortgage Loans**

HPMLs are subject to the following restrictions:

- Ability to Repay: A creditor is prohibited from extending credit based on the value of the consumer's collateral without regard to repayment ability of the consumer
- Escrow Accounts: Are required on all HPMLs
- Impounds must be maintained for a minimum of 5 years

**HPML Requirements – Conventional Loans**

Specific to High Priced Mortgage Loans for owner occupied transactions, a Second Appraisal is required if:

- Increase in value exceeds 10% and the most recent transfer of title took place  $\leq$  90 days prior to the application date.
- Increase in value exceeds 20% and the most recent transfer of title took place between 91 and 180 days prior to the application date.
- The second appraisal must be ordered through MWF and may not be paid for by the borrower.

For additional information, please contact your MWF Business Development Manager or Account Executive.

**Author: Operations**